

SENATE BILL REPORT

SB 5780

As Reported By Senate Committee On:
Consumer Protection & Housing, February 23, 2007
Ways & Means, January 28, 2008

Title: An act relating to the preservation of manufactured/mobile home communities.

Brief Description: Preserving manufactured/mobile home communities.

Sponsors: Senators Eide, Kastama, Kauffman, Kilmer, Jacobsen, Rockefeller and Rasmussen.

Brief History:

Committee Activity: Consumer Protection & Housing: 2/13/07, 2/23/07 [DPS-WM].
Ways & Means: 1/22/08, 1/28/08 [DPS-CPH].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: That Substitute Senate Bill No. 5780 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Haugen, Jacobsen, Kilmer and Tom.

Staff: Alison Mendiola (786-7483)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5780 as recommended by Committee on Consumer Protection & Housing be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

Background: In 1993 RCW 59.23 was enacted which provides a tenant of manufactured/mobile home parks with right of first refusal. If a qualified tenant organization gives written notice to their mobile home park owner that they have a present and continuing desire to purchase the park, the park must then only be sold to the tenant organization, with a few exceptions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2000, the State Supreme Court held that this right of first refusal constituted an unconstitutional taking of the park owner's property, rendering Chapter 59.23 RCW invalid. *Manufactured Housing Communities of Washington v. State*, 142 Wash.2d 347.

Real estate excise tax (REET) is a tax on the sale of real property that is paid by the seller. The state and local governments may impose REET on sales of real property. Generally, the combined state and local rate is 1.78 percent.

Summary of Bill (Recommended Substitute): It is the intent of the Legislature to encourage and facilitate the preservation of existing manufactured/mobile home communities in the event of voluntary sales.

A qualified sale of a manufactured/mobile home community is exempt from real estate excise tax. A "qualified sale" refers to a sale of a manufactured/mobile home community to a formal organization of tenants within the community, local governments, local housing authorities, non-profits or neighborhood-based organizations, or federally recognized Indian tribes in the state.

Right of First Refusal (Chapter 59.23) is repealed.

EFFECT OF CHANGES MADE BY CONSUMER PROTECTION & HOUSING COMMITTEE (Recommended Substitute): The language of the underlying bill is struck. A qualified sale of a manufactured/mobile home community is exempt from real estate excise tax. Right of First Refusal (Chapter 59.23) is repealed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Consumer Protection & Housing):

PRO: Two hundred thousand households reside in mobile home parks throughout Washington. This bill is about preserving affordable housing, and often the residents are seniors or disabled. The lawsuit in 2000 was a 5 to 4 decision. Washington is not the only state to provide incentives for preserving affordable housing. Preservation also meets the goals of the Growth Management Act. Therefore, preserving mobile home parks should be an important goal of the Legislature. Often park tenants have nowhere to move their home (and if they do it's costly), and even demolishing the home is costly. There is willingness to work out some language.

CON: What is the incentive for the seller? What buyer is going to wait around for 90 days to know if any offer is accepted? Often a mobile home park is not the best use of the property. The provisions regarding selling to tenants isn't exactly voluntary so this still amounts to what could be interpreted as an unconstitutional taking. The definition of fair market value needs to be worked to include highest and best value of property under existing or re-zoned property. What if tenants buy the park and then turn around and sell it for a huge profit? It's wrong to burden a small portion of the population with satisfying the affordable housing needs of the state.

Persons Testifying (Consumer Protection & Housing): PRO: Senator Eide, prime sponsor; Ishbel Dickens, Columbia Legal Services; Nick Federici, Washington Low-Income Housing Alliance; Fred Jones, Ken Newton, Mobile Home Owners Association; Russell Carter, Mariner Mobile Home Association; Richard Baltazar, Mariner Village.

CON: C. Dusoni, Mobile Home Project; Bob Sternoff, Sandra Allen, citizens; Judy Young, Ken Spencer, John Woodring, Manufactured Housing Communities of Washington; Walt Olson, Olson LLP.

Staff Summary of Public Testimony on Recommended Substitute (Ways & Means):

PRO: There are concerns about the bill because information was taken out of it that would benefit people in manufactured home communities, but would like to see the bill move forward. There is great concern about park closure among residents and potential residents in Washington. There are viable tenant park purchase committees that need a break to get into the buyer's pool. Relocation assistance is not the answer because there is no where to go with the homes. The bill does not go far enough. There are some great examples of parks being saved – some by housing authorities. It can be done. This is the beginning. It is a step in the right direction. Manufactured housing communities are closing because property is more valuable in urban growth boundaries for uses other than these communities. Density affects these parks, especially along the I-5 corridor. In some cases, residents want to purchase their communities, and such incentives might help these residents to purchase their communities. Property owners concerns about zoning or other restrictions on the sale of property, which this version of the bill does not do. Passage of this bill will help residents who want to purchase the property on which their homes lie.

Persons Testifying (Ways & Means): PRO: James Dean, President, Association of Manufactured Homeowners; Judith White, Board Member, Manufactured Homeowners Association, Association of Manufactured Homeowners, President, Leisure Estates Residents' Association; John Woodring, Manufactured Housing Communities of Washington; Marjorie Neff, co-chair, College Street Mobile Home Park Association.